

SONOMA COUNTY WATER AGENCY

FY 01-02 BUDGET REQUEST

FY 2001-02 BUDGET

BUDGET SECTION SUMMARY

Department:

SONOMA COUNTY WATER AGENCY

A. Program Description

The Sonoma County Water Agency is a countywide special district responsible for domestic water supply delivery to eight prime contractors (the Cities of Santa Rosa, Petaluma, Sonoma, Rohnert Park, and Cotati; Valley of the Moon; Forestville; and North Marin Water Districts). The Agency designs, constructs and maintains flood control facilities. The Sonoma County Water Agency operates and maintains Spring Lake Park via contract with the Sonoma County Regional Parks Department. The Water Agency also provides Sanitation services to five County Sanitation Districts and six Sanitation Zones of Benefit. The Board of Supervisors serve as the Board of Directors of the Water Agency.

The five major functions of the Sonoma County Water Agency are: Administration/General, Water Transmission, Water Supply, Flood Control and Sanitation.

B. Financial Summary

Section	GROSS EXPENDITURES			NET COST / USE OF FUND BALANCE		
	FY 00-01 Adopted	FY 01-02 Requested	Percent Change	FY 00-01 Adopted	FY 01-02 Requested	Percent Change
Admin & General	\$29,203,774	\$29,191,331	(0.04%)	\$323,207	\$1,145,132	254.30%
Flood Control	9,255,410	7,564,850	(18.27%)	3,271,832	1,484,113	(54.64%)
Water Supply	10,737,026	10,075,165	(6.16%)	6,094,143	4,356,815	(28.51%)
Water Transmission	52,374,721	43,740,352	(16.49%)	28,883,535	15,563,314	(46.12%)
Internal Service Fund	5,413,323	3,584,903	(33.78%)	3,268,323	1,524,903	(53.34%)
Sanitation	75,250,081	36,453,388	(51.56%)	38,796,129	16,906,062	(56.42%)
TOTAL:	\$182,234,335	\$130,609,989	(28.33%)	\$80,637,169	\$40,980,339	(49.18%)

C. Staffing Summary

Staffing	FY 00-01 Adopted	FY 01-02 Requested	Number Change	Percent Change
Permanent	225.00	216.00	(9.00)	(4.00%)
Extra Help	20.50	18.00	(2.50)	(12.20%)
Overtime	3.46	3.61	0.15	4.34%

D. SUMMARY OF ISSUES AND SIGNIFICANT CHANGES

Refer to the following pages for a summary of issues and changes.

PROGRAM IMPROVEMENT REQUEST – NO. 1

A. Division: Sonoma County Water Agency

B. Section: Administration and General

C. Index No.: 672105

D. Program Improvement Request Summary:

1.	Expenditure:	\$166,480
2.	Revenue:	166,480
3.	Net Cost:	0
4.	No. of Positions:	+ 6.0 Extra Help Positions

E. Program Description: Environmental Resources

F. Program Change: N/A

G. Staffing Change:

Add: 6.0 Natural Resource Program Assistant

H. Statement of Problem:

Currently, the Water Agency is in need of extra help for summer season projects to comply with various regulatory agency requirements. These positions will assist Water Agency Senior and Principal Environmental Specialists with the implementation of seasonal research and restoration activity including, but not limited to electrofishing, surveys, (boat and backpack), snorkel surveys, fish trapping, video monitoring, habitat surveys, water quality sampling, invertebrate sampling, data logger installation and maintenance, tree planting, plant and seed collection and biological stream bank stabilization.

I. Justification:

The Water Agency staff will utilize summer interns to accomplish a number of projects which permanent staff would otherwise be unable to complete.

J. Expenditure Change for Requested Program Improvement:

<u>Sub-Object No.</u>	<u>Account Title</u>	<u>Amount</u>
5110, etc.	Extra Help	\$166,480
8709	Reimbursement	(166,480)

SONOMA COUNTY WATER AGENCY

SUMMARY OF ISSUES AND SIGNIFICANT CHANGES FY 2001-02 BUDGET

Administration & General

The Agency General Fund provides staffing and operation support for the Water Transmission System, Water Supply, Flood Control, Sanitation Zones and Districts and the Agency's administration.

Net Cost/Use of Fund Balance is increased by \$1,816,082 primarily as the result of converting the Warm Springs Dam – General Fund into a Special Revenue Fund in order to adhere to accounting rules. This resulted in the payment of \$2,000,000 for principal and interest on federal obligations from this fund rather than the Warm Springs Dam - Debt Service Fund from which it has been paid in the past.

Projected ending fund balances for Administration & General Funds include:

\$2,090,173	General
514,127	Spring Lake Park
\$806,941	Waste/Recycled Water Loan

General Fund

The recommended budget for FY 01-02 includes a net reduction of 9 positions from all Agency Divisions.

Additions and deletions to permanent positions requested for FY 01-02 include:

(\$296,193)	(3)	WA Principal Engineers
(168,860)	(2)	WA Engineers
(135,520)	(2)	Department Analysts
(61,183)	(1)	WA Maintenance Supervisor
(56,229)	(1)	Water Conservation Specialist
(88,018)	(1)	Engineering Technician IV
<u>78,500</u>	<u>1</u>	Engineering Technician III
(\$727,503)	(9)	<i>Net Requested Decrease in Permanent Positions</i>

Our recent reorganization has resulted in efficiencies that have allowed us to reevaluate staffing needs. The Engineering Tech III position replaces the Engineering Tech IV position which is currently underfilled.

A decrease in General fund expenditures in the amount of \$1,264,057 is the net result of the following significant expenditure changes:

\$1,042,203	Increases in Salaries and Benefits and COLA and other personnel related increases, partially offset by (\$727,503) due to the net decrease of 9 positions,
(\$297,471)	Decreases in Services and Supplies due to reductions in proposed expenditures for County Services (reflecting recent actual costs), Small Tools and Instruments, Computer Software and Hardware and Equipment Usage Charges.

(\$92,500)	Decreases in Fixed Assets primarily due to a reduction in expenditures for Computer Equipment.
(500,000)	Reduction in Other Financing Uses for Operating Transfers to other funds.
(1,722,634)	Increase in Reimbursements - Interfund to reflect salary and benefit increases and cost recovery.
\$306,345	Increase in Appropriations For Contingencies

Spring Lake Park

The \$118,000 increase in expenditures in Spring Lake Park is due to an increase in operations, maintenance and capital improvement costs requested by County Regional Parks.

Waste/Recycled Water Loan Fund

The Waste/Recycled Water Loan Fund was established in FY 98-99 as a mechanism to provide interim financing for wastewater and recycled water projects. No operating transfer is requested from the Agency's General fund in FY 01-02.

Warm Spring Dam Fund – Special Revenue Fund

The Warm Springs Dam project within the Water Agency General Fund was established in FY 00-01 to create an operations fund separate from the existing Warm Springs Dam Debt Service fund. Warm Springs Dam property tax revenues and expenditures for bank maintenance, erosion control and stream gauge maintenance activities will be recorded in this fund. This fund has been converted into a Special Revenue Fund in FY 01-02 to adhere to accounting principles. Projected ending fund balance for this fund is \$2,091,416.

Flood Control

In November 1996, voters in Zone 1A and Zone 2A approved new ten-year benefit assessments to finance design and construction of flood control projects in their respective zones. The assessment approved in Zone 1A is at the same level as the benefit assessment which had just ended, the Zone 2A assessment is approximately two-thirds of the previous ten-year assessment.

Zone 1A - Laguna Mark West projects total \$5,420,500, a reduction of \$2,091,537 versus FY 00-01. Major projects for FY 01-02 include:

Cotati Creek Revegetation	\$2,500
Santa Rosa Creek Hazardous Material Removal	505,000
Cotati System B	10,000
Santa Rosa Creek Restoration	550,000
Matanzas Creek Reservoir Sediment Removal	1,350,000
Naval Creek Alternatives Study	102,000
Stream Monitoring Gauges	150,000
Todd Road Conduit	55,000
West Steele Lane Storm Drain	252,000
Canon Manor	\$50,000

Zone 2A - Petaluma projects total \$1,337,700. Major projects for FY 01-02 include:

Adobe Creek	\$300,000
Lichau Creek	77,000

Petaluma River Watershed Master Drainage Plan Update	150,000
Petaluma River Channel Clearing & Revegetation	200,000
Willow Brook Channel	\$300,000

Zone 3A - Valley of the Moon projects total \$467,000. Major projects for FY 01-02 include:

Fifth St East/Peru Rd Conduit	\$305,000
-------------------------------	-----------

Zone 5A - Lower Russian River projects for FY 01-02 include allocations for channel maintenance and improvements (\$96,000) and a contribution to the Sonoma County Public Works Department (\$25,000). These funds will be utilized to maintain the Rio Nido Geologic Hazard Abatement District for flood control maintenance of the landslide area for a five-year period beginning FY 99-00 and ending FY 03-04.

Zone 8A - South Coast includes a reserve for future projects of \$160,000.

Water Supply

Warm Springs Dam Debt Service

A separate Warm Springs Dam project within the Water Agency General Fund (later changed into a Special Revenue Fund) was established in FY 00-01 to create an operations fund separate from the existing Warm Springs Dam Debt Service fund. Beginning FY 00-01, Warm Springs Dam property tax revenues are recorded in the Special Revenue fund along with expenditures for bank maintenance, erosion control and stream gauge maintenance activities.

\$1,000,000 for purchase of U.S. Treasury Strips is being re-budgeted.

Russian River Projects

The Russian River Projects fund decreased net cost of \$954,827 reflects a reduction in expenditures (\$1,287,105) primarily due to a significant decrease in forecasted Fixed Asset related projects.

The Agency proposes to spend approximately \$1,625,000 on the following major projects:

\$700,000	Fisheries Enhancement Program
100,000	RR Estuary Management O&M
15,000	RR Watershed Bulletin
25,000	RR Watershed Projects Legislation Applications
5,000	Sotoyome – SR Resource Conservation District Agreement
200,000	Endangered Species Act
300,000	Legislative Advocacy Support Services
15,000	Water Rights Petitions
100,000	Healdsburg Dam & Fish Ladder construction
100,000	Potter Valley Project
50,000	Matanzas Creek Fish Ladder
\$15,000	Dry Creek Water Supply

Recycled Water

The Recycled Water fund was established in FY 97-98 to respond to the need to put recycled water to beneficial use. Issues regarding a limited water supply, impacts of the Endangered Species Act, and the requirement to treat wastewater to AWT or stop discharging to tributaries of

the Russian River can be addressed in a positive way by exploring methods of putting recycled water to beneficial use. In FY 01-02, this fund will record an operating transfer from the Agency's General fund (\$1,000,000) to provide continued financing of staff and consultant costs.

The Agency proposes funding the following Recycled Water projects:

\$1,300,000 North County / Ag Reuse

The Recycled Water fund was established as an enterprise fund as costs associated with activities of this fund will ultimately be paid by recycled water users. It is anticipated that it may take a minimum of three years for the fund to become self-supporting. Until such time, operating transfers from the General fund will occur as necessary to support recycled water projects.

Water Transmission System

Increase in expenditures of \$3,952,537 is primarily due to increases in a) Operating Transfers to fund capital projects (\$4,426,098), and b) Power (\$1,150,000) partially offset by decreases in Maintenance of Building expenditure (-\$1,108,700), the Water Conservation Program (-\$601,861) and the Recycled Water Use Program(-\$800,000).

\$1,244,000 in increased revenues from the sale of water is projected due to increase in water rates as well as estimated increases in the quantity of water sold.

The Water Advisory Committee has recommended an operating transfer from the Water Transmission fund of \$6,626,098 to provide for transfers to Common Facilities capital improvement fund (\$4,285,000) and the Storage Facilities fund (\$2,000,00) pursuant to the terms of the Master Water Supply Agreement.

Depreciation for all completed Water Transmission System construction projects for FY 01-02 is projected to be \$2,500,000.

Santa Rosa and Petaluma Aqueduct Bonds

The maturing of Santa Rosa and Petaluma Aqueduct Bonds has resulted in the elimination of the general obligation bond charge and the associated revenue. However, an Aqueduct Capital Fund Charge of \$20.00 per Acre Foot is being levied to accumulate funds for carrying out capital replacement needs of the Santa Rosa and Petaluma Aqueducts pursuant to the recommendation of the Water Advisory committee and to the terms of the Master Water Supply Agreement.

Forestville Aqueduct Bond

The maturing of the Forestville Aqueduct Bonds in FY 99-00 has resulted in the elimination of the general obligation bond charge and the associated revenue.

Sonoma Aqueduct Bond

The maturing of Sonoma Aqueduct Bond has resulted in the elimination of the general obligation bond charge and the associated revenue. However, an Aqueduct Capital Fund Charge of \$10.00 per Acre Foot is being levied to accumulate funds for carrying out capital replacement needs of the Sonoma Aqueduct pursuant to the recommendation of the Water Advisory committee and to the terms of the Master Water Supply Agreement.

1971 Water Revenue Bonds - Series 93A and 94A

Series 93A Bonds reflect decreasing interest payments. There are corresponding increases in principal payments, which are a "below the line" expense paid directly from fund balance. These bonds will mature in FY 02-03.

The maturing of Series 94A Bonds has resulted in the elimination of the Revenue bond charge and the associated revenue. The 94 Revenue Bond Fund was closed out in FY 00-01.

Major facilities improvements planned by the Agency include:

Storage Facilities

Sonoma Booster Upgrade	\$115,000
Kawana Springs Tank No. 2	2,500,000
Kawana Springs Reservoir Pipeline	160,000
Kawana-Ralphine Pipeline Study	25,000
Cotati Reservoir Revegetation	<u>2,500</u>
Total	\$2,802,500

Common Facilities

Mirabel Site Improvements	\$290,000
Wohler Site Improvements	260,000
River Well Field Development	491,500
Mirabel Inflatable Dam	2,000
PH Control system	2,000
Transmission System Expansion	2,000,000
Pump & Collector Capacity	9,593,300
Booster Stations Backup Power	<u>250,000</u>
Total	\$12,888,800

Facilities Internal Service Fund

The Facilities Internal Service Fund was established to record facilities costs and to provide for depreciation and accumulation of fund balance for improvements, expansion and/or replacement of facilities. Revenue for operations, maintenance and depreciation is received in the Fund and charges are made to the Administration and General Fund. The Facilities Fund provides an equitable means of sharing facility costs by all divisions of the Water Agency.

Rental income of \$585,000 will be charged to the Administration and General fund where it will be allocated to all funds as a portion of the overhead cost of labor.

Capital improvement projects total \$500,000, and include the following:

Land - development of plans to relocate Operational facilities	\$500,000
--	-----------

General Sanitation Overview

Effective January 1, 1995, responsibility for sanitation functions was assumed by the Sonoma County Water Agency as part of the County's reorganization process. The County Sanitation Districts (Districts or CSDs) include Forestville, Mirabel Heights (CSA #41), Occidental, Russian

River, Sonoma Valley and South Park. The Sanitation Zones (Zones) include Graton, Sea Ranch - Zone 1, Penngrove, Geyserville, and Airport-Larkfield-Wikiup.

Generally, costs are increasing in the sanitation budget requests due to cost of living adjustments for salaries and benefits, price increases for services and supplies, continuation of the capital replacement program (described later in this narrative), and an attempt to bring fund balances to adequate levels. As a result, the FY 01-02 sewer service rates are proposed to increase between 2.14% and 8.82% for the various districts and zones. The rate increases for these districts and zones are necessary to fund operational and capital program expenditures.

Beginning in FY 95-96, a capital replacement program was implemented within the sanitation districts and zones. The purpose of the program is to provide for long-term replacement of existing facilities that are worn out or in disrepair. Investment in capital replacement will extend the life of existing facilities at current sanitation standards and will reduce operations and maintenance costs. The cost of the program is financed through operating transfers from the operations fund to the construction fund. It is the Agency's objective to fund the program to the level of depreciation expense for each district or zone. If the operations fund does not have sufficient cash available, a transfer of funds to construction will not be made and the capital replacement projects will be delayed until the next fiscal year.

In January 2000, Agency staff held a Sanitation Workshop presenting a summary of operational and regulatory issues associated with sanitation systems operated by the Agency, providing information regarding past operational practices, changes in the regulatory environment, the estimated cost of sanitation services, and strategies for addressing current and future operational issues. Three levels of service and their costs were identified for each of the sanitation systems and are described below.

Minimum Level of Service: Includes services necessary for the protection of public health, employee safety, and public safety.

Standard Level of Service: Includes services necessary to operate and maintain the sanitation systems in order to limit or reduce the risk of (1) service interruption and (2) violations of the respective National Pollutant Discharge Elimination System (NPDES) permit or Waste Discharge Requirements issued by the Regional Boards.

Asset Preservation Level of Service: Includes services and programs necessary to (1) operate, maintain and replace facilities and equipment within the sanitation systems in order to preserve the system's assets, (2) provide a beneficial impact on the quality of life in the community, and (3) provide economic savings to the ratepayers through optimizing life cycle costs.

These levels of service are discussed as they relate to the Districts and Zones below.

The following paragraphs provide a summary of the budget requests, and applicable rate increases, proposed in each district and zone:

Forestville CSD

Total operations fund expenditures are planned to decrease by \$8,564, primarily due to increases in operations and maintenance costs and a reduction in operating transfers. Operating revenues are anticipated to increase by \$16,380 as a result of increased service charges received from new connections within the existing District boundary. A transfer of \$5,000 is planned to transfer cash from the operations fund to the construction fund to finance the capital replacement program.

The construction budget expenditure requested for FY 01-02 is \$2,641,300. The majority of this amount is a rebudget to be used to fund the Advanced Wastewater Treatment Upgrade Project. The estimated cost for constructing the necessary facilities to meet AWT standards is \$3.3 million. The Department of Veteran's Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act of 1999 provided a \$1 million grant for the Forestville AWT Upgrade Project. An additional grant and low interest financing is anticipated in the amount of \$1,523,300 from the United States Department of Agriculture - Rural Development (USDA). Funding is also anticipated from the Forestville Water District for over \$500,000. This financing, combined with the planned connection of Mirabel Heights (\$170,000) to the Forestville CSD has made upgrading the treatment plant financially feasible.

The requested rate per ESD for FY 01-02 annual service charges is \$845.00 representing an increase of 4.97%. Connections from Mirabel Heights will be charged at \$446 per ESD in FY 01-02, reflecting their estimated share of operations and maintenance costs. Estimated FY 01-02 revenues provide funding for a Minimum Level of Service. The Water Agency is currently utilizing its operational reserve funds to allow for a Standard Level of Service. Under current operating conditions, an additional \$75,000 of annual revenue is required to provide an Asset Preservation Level of Service. The required funding to attain the Asset Preservation Level of Service will be re-evaluated once the inclusion of the Mirabel Heights area is complete.

CSA #41 - Mirabel Heights

CSA #41 - Mirabel Heights was established in FY 99-00. The purpose of the fund is to account for the receipt of annual sewer service charge revenues collected on the tax rolls and apportioned by the Auditor-Controller's office. These revenues are subsequently transferred to the Forestville CSD towards payment of Mirabel Heights proportionate share of Operations and Maintenance (O & M) expenses.

Debt service payments related to the construction of the collection system are collected separately within the Sewer Assessment District Fund administered by the Sonoma County Tax-Collector's office. It is anticipated that the Mirabel Heights area will eventually be formally annexed to the Forestville CSD.

Occidental CSD

Total operations fund expenditures are planned to increase by \$9,061 primarily due to an increase in the cost of anticipated legal services, as well as expected increases in the cost of obtaining power. This cost will be offset by an additional \$20,078 in increased revenues from service charges.

The requested rate per ESD for FY 01-02 annual service charges is \$848, representing a 4.18% increase from FY 00-01. Annual sewer service charge revenue, adjusted for the anticipated number of ESDs and an estimated delinquency factor, is projected to be higher than the FY 00-01 budget. The number of ESDs for FY 01-02 is projected at 258, three more than in FY 00-01. Estimated FY 01-02 revenues do not adequately provide funding for even a Minimum Level of Service. An additional \$105,000 in revenue is necessary to achieve the desired Asset Preservation Level of Service.

Russian River CSD

Total operations fund expenditures are planned to increase by \$166,584 primarily due to increases in operations and maintenance costs associated with labor, administration, consulting services, maintenance and operating permits. This increase will be partially offset by an increase of \$111,822 in service charge revenues. Projected FY 01-02 operating revenues provide sufficient funding for a Standard Level of Service, contingency funding, and capital replacement funding.

The construction budget requested for FY 01-02 is \$593,000. This request includes funds for a Facilities Upgrade/Disposal project (\$100,000), the Third Unit Processes project (\$55,000), a sludge handling system project (\$50,000) and lift Station Service upgrades (\$153,000).

The requested rate per ESD for FY 01-02 annual service charges is \$707, representing a 6.47% increase from FY 00-01. Annual sewer service charge revenue, adjusted for the anticipated number of ESDs and an estimated delinquency factor, is projected to increase from the FY 00-01 budget. This revenue change is due to the rate increase. Projected ESDs for FY 01-02 will remain the same as FY 00-01.

Sonoma Valley CSD

Total operations fund expenditures are planned to decrease by \$158,130 primarily due to a decrease in consulting services (\$-127,500), and projected Maintenance costs (\$-40,000), operating transfer (\$50,000) and fixed asset expenditures (\$-168,546) partially offset by increases in Utilities (\$106,000) and Communications (\$11,500). An increase of \$659,058 in operating revenues is projected for FY 01-02. Revenues from on site disposal by septic haulers are forecast to increase by approximately \$6,000.

A total of \$4,272,000 is requested in FY 01-02 for the following capital projects: aeration system phase 3 (\$806,000); treatment plant instrumentation upgrade (\$25,000); AWT upgrade (\$100,000); plant capacity upgrades (\$210,000); Fifth Street West/East Napa/East MacArthur collection system replacement (\$1,300,000); Solano Ave. (\$26,000); emergency generator replacement and electrical service upgrade(\$1,720,000); and various other projects (\$75,000).

The requested rate per ESD for FY 01-02 annual service charges is \$400, representing a 6.1% increase from FY 00-01. Annual sewer service charge revenue collected on the tax roll (adjusted for the anticipated number of ESDs and an estimated delinquency factor) is projected to be higher than the FY 00-01 budget. This revenue change is also due to the fact that projected ESDs for FY 01-02 are higher than the adopted FY 00-01 budget estimate. Estimated operating revenues in FY 01-02 nearly provide sufficient funding for an Asset Preservation Level of Service.

South Park CSD

Total operations fund expenditures are planned to decrease by \$412,191 primarily due to a decrease in Consultant Services of \$400,000. Operating revenues will increase by \$195,475 resulting form a rate increase of 8.82% to \$555 per ESD and an increase in the number of ESDs.

Annual payments of \$125,000 to the North Coast Regional Water Quality Control Board for HVOC remediation began in FY 99-00 and will continue until FY 2003-04. South Park's share of the cost of operations and improvements to the sub regional facilities is anticipated to decrease by \$150,000 in FY 01-02, based on flows contributed by the South Park CSD.

The South Park CSD issued \$3.1 million in revenue bonds in FY 00-01 to enable it to meet its capital replacement obligations. The Capital Project Plan has identified necessary collection system replacement projects through FY 04-05 estimated to cost in excess of \$7.5 million. The Agency is presently replacing or planning to replace six sections of the collection system between FY 00-01 and FY 04-05. Projects identified include: Moorland Avenue, Kenmore Lane, Corby Avenue and Victoria Drive, East Robles and Santa Rosa Avenue (on East Robles from Highway 101 to Brooks Avenue), Santa Rosa Avenue (south of East Robles near Todd Road), and Santa Barbara Drive.

.Sanitation Zone - Sears Point

Transfer of ownership of the wastewater facilities to the Raceway is anticipated to be completed in FY 00-01. All balances will be transferred to the Sears Point Raceway upon completion of the sale.

Sanitation Zone - Graton

Total operations fund expenditures are planned to increase by \$40,817 primarily due to increases in operations and maintenance costs associated with labor and operating permits as

well as anticipated increases in the cost of power. The increase in expenditures will be partly offset by an increase in operating revenues of \$21,641 from a projected rate increase of 4.8% and an increase in the number of ESDs from 624 to 629 in FY 01-02.

In FY 01-02, \$20,000 is requested for new buildings and improvements as well as \$400,000 for a pipeline from Graton to Forestville. Funding to prepare a revised proposal to form the Graton CSD was obtained in June of 1999 from the County of Sonoma's District Formation Fund. The funds will be used to develop engineering, operational, and financial plans for complying with NCRWQCB orders. Funds will also be used to complete other documents necessary for obtaining LAFCO approval.

The requested rate per ESD for FY 01-02 annual service charges is \$692, representing a 4.8% increase from FY 00-01. The requested increase will fully fund the programs and services necessary to provide a standard level of service and partially fund programs necessary to provide an asset preservation level of service for the forthcoming fiscal year.

Sanitation Zone - Sea Ranch (Zone 1)

Total operations fund expenditures are planned to increase by \$16,960 primarily due to increases in operations and maintenance costs associated with maintenance of buildings and improvements, increases in contract services and costs of obtaining power. The net increase in expenditures will be partially offset by an increase in operating revenues of \$1,867.

The FY 01-02 budget request for the Zone's construction fund decreased by \$86,050. This request is intended to fund environmental, engineering design, and construction work for expansion of the irrigation system at the Central Facility.

The rate per ESD for service charges is increasing by 2.14% to \$572 to meet operational expenses for the forthcoming year. The number of ESDs is also expected to increase from 467 to 482.

Sanitation Zone - Penngrove

Total operations fund expenditures are planned to increase by \$8,760 primarily due to increases in the special departmental expense associated with an agreement with the City of Petaluma to accept and treat the Zone's wastewater and anticipated increases in the cost of obtaining power. The increase in expenditures will be offset by an increase in operating revenues of \$23,035 resulting from new connections and an anticipated increase in the annual service charge.

The amount requested in the construction fund for capital projects covers replacement of portions of the collection system (\$5,000). Connection fees continue to be collected for the future expansion of the collection system and capacity requirements in the City of Petaluma's wastewater treatment facilities.

The requested rate per ESD for FY 01-02 annual service charges is \$541, representing a 4.04% increase from FY 00-01. The increase is necessary to (1) meet the FY 01-02 increase in the City of Petaluma's sewer service charge, and (2) fully fund the programs and services necessary to provide an asset preservation level of service for the forthcoming fiscal year.

Sanitation Zone - Geyserville

Total operations fund expenditures are planned to decrease by \$29,739 primarily due to a \$25,000 decrease in the amount budgeted for buildings and improvements. Operating revenue is forecast to increase by \$3,855 primarily as a result of new service connections.

A transfer of \$35,000 is requested to the construction fund to help finance the capital replacement program. The proposed construction budget of \$80,000 is intended to fund necessary updates of the facilities plan(\$50,000) and capital replacement projects (\$30,000) for replacement of portions of the collection system.

The requested rate per ESD for FY 01-02 annual service charges is \$531, representing a 3.91% increase from FY 00-01. The requested increase will fully fund the programs and services necessary to provide a standard level of service and partially fund programs necessary to provide an asset preservation level of service for the forthcoming fiscal year.

Sanitation Zone - Airport-Larkfield-Wikiup

Total operations fund expenditures are planned to increase by \$251,736 primarily due to an increase in operations and maintenance costs associated with labor, chemicals and operating permits. This will be partially offset by an increase of \$41,098 in operating revenue resulting from an increase in the number of new service connections, a proposed increase in the annual service charge.

FY 01-02 Construction fund expenditures are planned at \$1,332,500 to fund the capital projects, some of which are: 1) The Reclamation Facilities project; 2) Aeration Basin #4; 3) Tertiary Treatment upgrades and 4) a Pipeline connection to Santa Rosa via River Road. Funding for these projects will be provided by the construction fund balance, as well as bond funds obtained in FY 00-01. A transfer of \$237,500 is proposed from the Construction Fund as well as the Operations fund to the Bond Fund for making the projected annual debt payment of \$475,000 for FY 01-02.

The requested rate per ESD for FY 01-02 annual service charges is \$328, representing a 6.15% increase from FY 00-01. The requested increase will fully fund the programs and services necessary to provide a standard level of service and partially fund programs necessary to provide an asset preservation level of service for the forthcoming fiscal year.